

EXECUTIVE OFFICES

INTERMOUNTAIN GAS COMPANY

555 SOUTH COLE ROAD • P.O. BOX 7608 • BOISE, IDAHO 83707 • (208) 377-6000 • FAX: 377-6097

RECEIVED

2013 JUN -3 PM 2:19

IDAHO PUBLIC
UTILITIES COMMISSION

June 3, 2013

Jean Jewell
Idaho Public Utilities Commission
472 W. Washington St.
P. O. Box 83720
Boise, ID 83720-0074

NEW CASE

RE: Intermountain Gas Company's Application to Issue and Sell Securities
Case No. INT-G-13-04

Dear Jean:

Enclosed for filing with this Commission are the original and seven (7) copies of Intermountain Gas Company's Application to Issue and Sell Securities. Also enclosed is a check in the amount of \$1,000.00 for the IPUC Issuance Fee.

If you have any questions or require additional information regarding the attached, please contact me at (208) 377-6168.

Sincerely,



Michael P. McGrath
Director – Regulatory Affairs

Enclosures

cc: Scott Madison
Mark Chiles
Steve Thomas

INTERMOUNTAIN GAS COMPANY

CASE NO. INT-G-13-04

APPLICATION

And

EXHIBITS

**In the Matter of the Application of INTERMOUNTAIN GAS COMPANY
for Authorization to Issue and Sell Securities**

Stephen R. Thomas, ISB 2326
MOFFATT THOMAS BARRETT ROCK & FIELDS, CHTD.
101 S. Capitol Boulevard, Suite 1000
Boise, Idaho 83702
Telephone: (208) 345-2000
Attorney for Intermountain Gas Company

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

In the Matter of the Application of
INTERMOUNTAIN GAS COMPANY
for Authorization to Issue and Sell
Securities

Case No. INT-G-13-04
APPLICATION

Intermountain Gas Company ("Intermountain" or "Company"), a subsidiary of MDU Resources Group, Inc. with general offices located at 555 South Cole Road, Boise, Idaho, does hereby request authorization of a revolving credit facility of Sixty-Five Million Dollars (\$65,000,000) for a period of five (5) years with an option to borrow an additional Twenty-Five Million Dollars (\$25,000,000) for the same five (5) year period, or Ninety Million Dollars (\$90,000,000) in total. The new credit facility replaces Intermountain's current revolving line of credit of Eighty Million Dollars (\$80,000,000) which expires August 11, 2013.

Communications in reference to this Application should be addressed to:

Michael P. McGrath
Intermountain Gas Company
555 S Cole Rd.
Boise, Idaho 83709
and

Stephen R. Thomas, ISB 2326
MOFFATT THOMAS BARRETT ROCK & FIELDS, CHTD.
101 S. Capitol Boulevard, Suite 1000
Boise, Idaho 83702

In support of this Application, Intermountain does allege and state as follows:

I.

Intermountain is a gas utility, subject to the jurisdiction of the Idaho Public Utilities Commission, engaged in the sale of and distribution of natural gas within the State of Idaho under authority of Commission Certificate No. 219 issued December 2, 1955, as amended and supplemented by Order No. 6564, dated October 3, 1962.

Intermountain provides natural gas service to the following Idaho communities and counties and adjoining areas:

Ada County - Boise, Eagle, Garden City, Kuna, Meridian, and Star;
Bannock County - Chubbuck, Inkom, Lava Hot Springs, McCammon, and Pocatello;
Bear Lake County - Georgetown, and Montpelier;
Bingham County - Aberdeen, Basalt, Blackfoot, Firth, Fort Hall, Moreland/Riverside, and Shelley;
Blaine County - Bellevue, Hailey, Ketchum, and Sun Valley;
Bonneville County - Ammon, Idaho Falls, Iona, and Ucon;
Canyon County - Caldwell, Greenleaf, Middleton, Nampa, Parma, and Wilder;
Caribou County - Bancroft, Conda, Grace, and Soda Springs;
Cassia County - Burley, Declo, Malta, and Raft River;
Elmore County - Glens Ferry, Hammett, and Mountain Home;
Fremont County - Parker, and St. Anthony;
Gem County - Emmett;
Gooding County - Gooding, and Wendell;
Jefferson County - Lewisville, Menan, Rigby, and Ririe;
Jerome County - Jerome;
Lincoln County - Shoshone;
Madison County - Rexburg, and Sugar City;
Minidoka County - Heyburn, Paul, and Rupert;
Owyhee County - Bruneau, Homedale;
Payette County - Fruitland, New Plymouth, and Payette;
Power County - American Falls;
Twin Falls County - Buhl, Filer, Hansen, Kimberly, Murtaugh, and Twin Falls;
Washington County - Weiser.

Intermountain's properties in these locations consist of transmission pipelines, a liquefied natural gas storage facility, distribution mains, services, meters and regulators, and general plant and equipment.

II.

Commission Order No. 32013, dated June 24, 2010, granted Intermountain authority to enter into a renegotiated revolving credit line not to exceed Eighty Million Dollars (\$80,000,000) at any one time. Such authority was granted from the date of the Order and expires on August 11, 2013.

This Application seeks authority to replace the existing revolving line of credit with a revolving line of credit of Sixty-Five Million (\$65,000,000) for a period of five (5) years from execution and delivery of the credit agreement. The revolving line of credit includes an option to borrow an additional Twenty-Five Million (\$25,000,000) for the same five (5) year period, or Ninety Million Dollars (\$90,000,000) in total..

Based on this Commission's authorization, the revolving line of credit not to exceed Ninety Million Dollars (\$90,000,000) will continue to be used in the traditional way by Intermountain in financing principally its construction needs and other working capital requirements.

The Board of Directors of Intermountain has duly authorized the requested line of credit. A copy of the Resolution authorizing the line of credit is attached hereto as Exhibit No. 1 and is incorporated herein by reference.

III.

The terms and conditions of the revolving line of credit of Sixty-Five Million Dollars (\$65,000,000) with the option to borrow an additional Twenty-Five Million Dollars (\$25,000,000), or Ninety Million Dollars (\$90,000,000) in total, are incorporated herein by reference as though fully set out.

A copy of the terms for the above referenced line of credit will be submitted under separate cover and is to be treated as confidential pursuant to PUC IDAPA Rules 31.01.01.067, 31.01.01.233 and 31.02.01.005.07, together with Idaho Code Sections 9-340D and Idaho Code Sections 458-801 *et seq.*

Summary of Terms and Conditions

Borrower:	Intermountain Gas Company
Lender:	A syndicate of financial institutions arranged by U.S. Bank, N.A.
Principal Amount:	Revolving Line of Credit - \$65,000,000, which will include a \$15 Million sublimit for standby letters of credit and a \$5 Million sublimit for swingline loans. The Borrower has the right to borrow an additional \$25,000,000 subsequent to the Closing Date up to an aggregate amount not to exceed \$90 Million.
Interest Rates:	At the Borrower's option, any loan under the credit facility will bear interest at a rate equal to (i) LIBOR plus the Applicable Margin, as determined in accordance with the Performance Pricing grid set forth below or (ii) the Base Rate (to be defined as the highest of (a) the U.S. Bank prime rate, (b) the Federal Funds rate plus .50% and (c) a daily rate equal to one-month LIBOR plus 1.00%).
Security:	None
Use of Proceeds:	To refinance certain existing indebtedness, and to provide for the working capital, capital expenditures, deferred gas costs, and general corporate purpose needs of Intermountain.
Maturity:	Five (5) years from the execution and delivery of definitive documentation for the Senior Credit Facility, or approximately June 30, 2018
Administrative Fees:	Annually, beginning at the time of closing and each year on the anniversary date of the credit facility, the Borrower will pay an Administrative Fee of \$15,000 to U.S Bank.
Commitment Fee:	The Borrower will pay a fee determined in accordance with the Performance Pricing grid set forth below, on the actual daily unused amount of each Lender's commitment. The Commitment Fee is payable quarterly in arrears, commencing on the first quarterly payment date to occur after the Closing Date, or September, 2013.

Pricing Level	Consolidated Funded Indebtedness to Total Capitalization Ratio	Commitment Fee	Applicable Margin for LIBOR loans	Letter of Credit Fee
I	$\leq 0.60:1.0$	0.30%	1.450%	1.450%
II	$\geq 0.55:1.0$ but $< 0.60: 1.0$	0.225%	1.275%	1.275%
III	$\geq 0.45:1.0$ but $< 0.55: 1.0$	0.175%	1.075%	1.075%
IV	$< 0.45:1.0$	0.125%	1.000%	1.000%

Other Requirements: Costs associated with this transaction are to be paid by Intermountain.

IV.

The proceeds from the proposed revolving line of credit of Sixty-Five Million Dollars (\$65,000,000) with an option to borrow an additional Twenty-Five Million Dollars (\$25,000,000) (\$90 Million in total) will continue to be used in the traditional way by Intermountain in financing principally its construction needs and other working capital requirements.

These uses are consistent with the public interest and necessary, appropriate, and consistent with the proper and legally mandated performance to the public by Intermountain as a public utility.

V.

Intermountain's Statement of Capitalization as of March 31, 2013, showing all authorized and outstanding classes of securities, is as follows:

	<u>March 31, 2013</u>	
	Amount Outstanding (\$000's)	Ratio
Common Stock & Surplus	\$99,711	65.7%
Long-Term Debt	<u>52,137</u>	<u>34.3%</u>
Total Capitalization	<u>\$151,848</u>	<u>100.0%</u>

VI.

The estimated fees and expenses of the issuance of such revolving credit facility are expected to total \$217,250 consisting of the following:

Arrangement Fees	\$213,750.00
Legal and Syndication Fees	2,500.00
IPUC Issuance Fees	<u>1,000.00</u>
Total	<u>\$217,250.00</u>

VII.

The fee required by Section 61-905 of the Idaho Code, was determined as follows:

First	\$ 100,000 at \$1.00 per \$1,000	= \$ 100.00
Next	900,000 at \$0.25 per \$1,000	= 225.00
Remaining	<u>64,000,000 at \$0.10 per \$1,000</u>	= <u>6,400.00</u>
	<u>\$ 65,000,000</u>	= <u>\$ 6,725.00</u>

As this amount is larger than the \$1,000 maximum fee set forth in Section 61-905 of the Idaho Code, a check for \$1,000 is enclosed with this Application.

VIII.

This Application is filed pursuant to the applicable statutes, including Idaho Code Sections 61-901, 61-902, 61-903 and 61-905, and the Rules and Regulations of this Commission.

Intermountain stands ready for an immediate hearing of this Application if such is determined necessary by this Commission.

A proposed Order granting this Application is attached hereto as Exhibit 2 and is incorporated herein by reference.

IX.

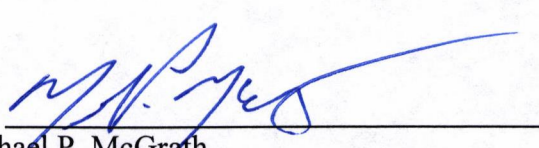
Notice of this Application will be published prior to Commission authorization in *The Idaho State Journal*, *The Idaho Statesman*, *The Idaho Business Review*, *The Post Register*, and *The Times News* pursuant to Rule 141.8 of the Commission's Rules of Practice and Procedure.

WHEREFORE, Intermountain respectfully petitions the Idaho Public Utilities Commission as follows:

- a. That this Application be processed without hearing pursuant to the Rules and Regulations of this Commission and acted upon at the earliest possible date;
- b. Additionally, that this Commission approve and authorize the issuance of a line of credit for the purposes described up to and including Ninety Million Dollars (\$90,000,000) for a period of five (5) years.
- c. That this Commission allow Intermountain to manage its short-term financing pursuant to the order issued in this matter until such time as Intermountain's Board of Directors changes the authorized level of such short-term borrowing, with Intermountain making quarterly reports to this Commission setting forth the date of issuance, principal amount, interest rate, date of maturity and identity of payee for all promissory notes issued during such quarter;
- d. For such other relief as this Commission may determine proper relative to this Application.

DATED at Boise, Idaho, this 3rd day of June, 2013.

INTERMOUNTAIN GAS COMPANY

By 
Michael P. McGrath
Director - Regulatory Affairs

MOFFATT THOMAS BARRETT ROCK &
FIELDS, CHTD.

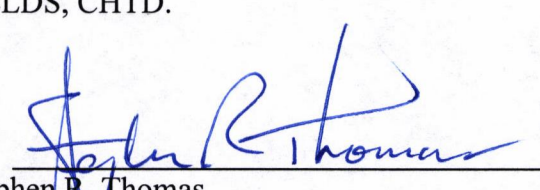
By 
Stephen R. Thomas.
Attorney for Intermountain Gas Company

Exhibit 1

CASE NO. INT-G-13-04

INTERMOUNTAIN GAS COMPANY

Board Resolution

(2 pages)

CERTIFICATE

I, PAUL K. SANDNESS, hereby certify that I am the duly elected and qualified Secretary of Intermountain Gas Company, an Idaho corporation; that the following is a true and correct copy of resolutions adopted by Written Consent of the Board of Directors dated May 29, 2013; and that said resolutions have not been modified or amended and are presently in full force and effect:

WHEREAS, there has been presented to the Board of Directors of Intermountain Gas Company (the "Company") a Summary of Terms and Conditions outlining a Credit Agreement (the "Agreement") among the Company, U.S. Bank, National Association ("U.S. Bank"), as Administrative Agent and Wells Fargo Bank, N.A., as Syndication Agent for a syndication of lenders (collectively the "Lenders") under which the Company has a need for loans for general corporate purposes, including working capital, for Sixty-Five Million Dollars (\$65,000,000), including a Fifteen Million Dollars (\$15,000,000) sublimit for the issuance of letters of credit, with an option to increase the amount of commitments and borrow up to an additional Twenty-Five Million Dollars (\$25,000,000) for an aggregate loan commitment of Ninety Million Dollars (\$90,000,000) for a five year period as set forth in the Agreement;

NOW, THEREFORE, BE IT RESOLVED, that the Summary of Terms and Conditions substantially in the form presented to the Board of Directors, is hereby approved and accepted; and

FURTHER RESOLVED, that the Chairman of the Board, the Chief Executive Officer, the President, any Vice President or Assistant Vice President, the General Counsel, and any other officer who performs a policy-making function (such as administration, operations, accounting, or finance) of the Company be, and each of them hereby is, authorized to negotiate, execute and deliver the Agreement substantially in conformity with the Summary of Terms and Conditions presented to the Board of Directors, with such changes, additions and deletions as to any or all of the terms and provisions thereof as the authorized officer executing the Agreement on behalf of the Company shall deem proper, such execution to be conclusive evidence of the authorized officer's authority granted herein and the approval thereof by the Board of Directors;

FURTHER RESOLVED, that the authorized officers be, and each of them hereby is, authorized and empowered to take or cause to be taken any and all further actions and to execute and deliver or cause to be executed and delivered all further agreements, documents, certificates, and undertakings, in the name and on behalf of the Company, and to make such filings or applications with governmental or regulatory agencies and authorities as the authorized officers may determine to be

necessary, proper, or desirable to carry into effect the intent and purpose of any and all of the foregoing resolutions; and the delivery of any such agreement, document, certificate, and/or undertaking shall be conclusive evidence of the officer's authority granted herein and the approval thereof by the Board of Directors; and all actions previously taken by any officer or agent of the Company in connection with the transactions contemplated by the Summary of Terms and Conditions (including, but not limited to, the negotiation of the Agreement and all related agreements) and the transactions contemplated by the foregoing resolutions are hereby ratified, approved, and confirmed in all respects.

IN WITNESS WHEREOF, I have hereunto set my hand on May 30, 2013.



PAUL K. SANDNESS, Secretary

Exhibit 2

CASE NO. INT-G-13-04

INTERMOUNTAIN GAS COMPANY

IDAHO PUBLIC UTILITIES COMMISSION

PROPOSED ORDER

(4 pages)

PROPOSED ORDER OF APPLICANT

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

In the Matter of the Application of
INTERMOUNTAIN GAS COMPANY
for Authorization to Issue and Sell
Securities

Case No. INT-G-13-04

ORDER NO.

On June 3rd, 2013, Intermountain Gas Company ("Intermountain" or "Company"), a subsidiary of MDU Resources Group, Inc. filed an Application pursuant to Chapter 9 of Title 61, Idaho Code and Rules 141 through 150 of the Commission's Rules of Procedure. IDAPA 31.01.01.141-150. Through this Application, Intermountain requests authorization of a revolving line of credit, not to exceed \$90,000,000, for a period of five (5) years, replacing Intermountain's current revolving line of credit of \$80,000,000. Intermountain contends that this line of credit will continue to be used in the traditional manner, which is principally to finance construction needs and other working capital requirements.

The Idaho Public Utilities Commission, having fully considered the Application and exhibits attached thereto, and all of the Commission's files and records pertaining to this Application, now makes the following Findings of Fact and Conclusions of Law:

FINDINGS OF FACT

Intermountain is an Idaho corporation with its office and principal place of business in Boise, Idaho. Intermountain is a natural gas public utility, owning and operating transmission pipelines, a liquefied natural gas storage facility, distribution mains, services, meters and regulators, and general plant and equipment.

Intermountain seeks the Commission's authorization and permission to issue a revolving line of credit not to exceed \$90,000,000 at any one time outstanding for a period of five (5) years from the execution and delivery of the credit agreement. The revolving line of credit will be administered through US Bank, N.A. The proceeds from the borrowing in this issuance will be used principally to finance construction and other working capital requirements of Intermountain.

CONCLUSIONS OF LAW

Intermountain is a gas corporation within the definition of *Idaho Code* § 61-117 and is a public utility within the definition of *Idaho Code* § 61-129.

The Idaho Public Utilities Commission has jurisdiction over this matter pursuant to the provisions of *Idaho Code* § 61-901, *et seq.*, and the Application reasonably conforms to Rules 141-150 of the Commission's Rules of Procedure (IDAPA 31.01.01-141-150).

The method of issuance is proper.

The general purposes to which the proceeds will be put are lawful under the Public Utility Law of the state of Idaho and are compatible with the public interest. However, this general approval of the general purposes to which the proceeds will be put is neither a finding of fact nor a conclusion of law that any particular construction program of Intermountain which may be benefited by the approval of this Application has been considered or approved by this Order, and this Order shall not be construed to that effect.

The issuance of an Order authorizing the proposed financing does not constitute agency determination/approval of the type of financing or the related costs for ratemaking purposes. The Idaho Public Utilities Commission does not have before it for determination, and therefore does not determine, any effect of the proposed transactions on rates to be charged by Intermountain for natural gas to consumers in the state of Idaho.

All lawful fees have been paid by Intermountain as provided by *Idaho Code* § 61-905.

The Application should be approved.

ORDER

IT IS THEREFORE ORDERED that the Application of Intermountain Gas Company for authority to issue a revolving line of credit not to exceed \$90,000,000 at any one time outstanding as described in its Application should be, and the same hereby is, granted for a period of five (5) years from the execution and delivery of the credit agreement.

IT IS FURTHER ORDERED that Intermountain will continue to make quarterly reports to this Commission setting forth the date of issuance, principal amount, interest rate, date of maturity and identity of payee for all promissory notes issued during such quarter,

IT IS FURTHER ORDERED that the foregoing authorization is without prejudice to the regulatory authority of this Commission with respect to rates, service, accounts, valuation, estimates

or determination of cost or any other matter which may come before this Commission pursuant to this jurisdiction and authority as provided by law.

IT IS FURTHER ORDERED that nothing in this Order and no provisions of Chapter 9, Title 61, Idaho Code, or Rules 141-150 of the Commission's Rules of Procedure, or any act or deed done or performed in connection with this Order shall be construed to obligate the state of Idaho to pay or guarantee in any manner whatsoever any security authorized, issued, assumed or guaranteed under the provisions of said Chapter 9, Title 61, Idaho Code and Commission Rules 141-150.

IT IS FURTHER ORDERED that issuance of this Order does not constitute acceptance of Intermountain's exhibits or other material accompanying this Application for any purpose other than the issuance of this Order.

THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date of this Order. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration.

DONE by Order of the Idaho Public Commission at Boise, Idaho this _____ day of
_____ 2013.

PRESIDENT

COMMISSIONER

COMMISSIONER

ATTEST:

SECRETARY